



ihcda   
Indiana Housing & Community Development Authority

OPPORTUNITIES FOR
HOMEOWNERSHIP
IN INDIANA

IT ALL BEGINS AT HOME...

Under the leadership of Lt. Governor Sue Ellspermann, IHCDA contributes to Indiana's economy by creating housing opportunity, generating and preserving assets, and revitalizing neighborhoods. As families become more financially stable, they put down roots, spend their money locally, and climb the economic ladder. In turn, communities grow and prosper, broadening their tax base, creating new jobs, and maximizing local resources. IHCDA's work is truly a vehicle for economic growth, and it all begins at home.

IHCDA is proud to make the dream of buying a home a reality for thousands of families all across our state. We offer programs that assist Hoosiers with closing costs, making down payments, and obtaining low interest fixed rate loans. In every county across Indiana there are lenders on hand to help with Indiana Housing and Community Development Authority programs. Explore our resources to learn about what programs are available to help you realize the dream of owning a home in Indiana.





MortgageCreditCertificate

HOW A MORTGAGE CREDIT CERTIFICATE WORKS

The *Mortgage Credit Certificate* (MCC) offers qualified homebuyers an annual tax credit of up to \$2,000 on their federal taxes for the duration of the mortgage (not to exceed 30 years). Reducing your tax liability increases the income you have available for mortgage payments or home repairs and improvements.

The *Mortgage Credit Certificate* may be applied to all types of mortgages (e.g., conventional or government insured, fixed or adjustable rate).

MCC RATES BY MORTGAGE AMOUNT

Mortgage Amount	Tax Credit Rate
\$50,000 and less	35%
\$50,001 to \$70,000	30%
\$70,001 to \$90,000	25%
\$90,001 and more	20%

Additional information about MCCs including eligibility requirements and participating lenders may be found on IHCDA's website at www.ihcda.in.gov.

EDUCATE YOURSELF

IHCDA University is a free online educational course designed to inform Indiana consumers about the basics of purchasing a home. The course walks potential buyers through the planning process, managing money, understanding credit, and selecting the right mortgage product.

EXAMPLE OF HOW THE MCC CREDIT WOULD BENEFIT YOU AS THE BORROWER

1

Mortgage Amount of \$100,000

x

6% Interest Rate

\$6,000 Yearly Interest

\$6,000 Yearly Interest

x

20% Tax Credit

\$1,200 Credit to the Borrower

2

To enhance the benefit of the *Mortgage Credit Certificate*, seek assistance from your employer or a certified accountant to lower your monthly withholding which will increase your “take home pay.”



IHCDA'S MORTGAGE PRODUCTS



My Home Conventional offers qualified homebuyers a low, fixed interest rate on a conventional loan. Your lender can help you determine the best loan for your financial position. To qualify you must:

- Be income-eligible. Income limits vary based on family size and location.
- Get approved for the desired loan. Your lender will consider income, job stability, creditworthiness, and other criteria when assessing your ability to afford a home.
- Purchase a single-family home.
- Complete IHCDA University courses (first time homebuyers only).

DETAILS OF MY HOME CONVENTIONAL INCLUDE:

- Conventional loans only
- This program would be for the buyer that has their own down payment capability as down payment assistance is not available on this particular product. For down payment assistance options, please see *Next Home*.
- Minimum down payment of 3% of purchase price or appraised value, whichever is less.
- First time or non first time Homebuyers
- Can be combined with IHCDA's *Mortgage Credit Certificate*



IHCDA is pleased to present the newest option for affordable home buying in Indiana. *Next Home* offers prospective homeowners who may or may not qualify as first time homebuyers down payment assistance of up to four percent of the purchase price.

Become a participating lender today and begin offering your clients this new option for buying their Indiana home. Additional opportunities such as *Mortgage Credit Certificates* and first time homebuyer programs can be found on our website or by contacting the Homeownership Opportunities Department of IHCDA.

DETAILS OF NEXT HOME INCLUDE:

- Available for FHA and conventional loans.
- Down payment assistance of up to 4% (FHA) and 3% (conventional) of the purchase price for first time or non-first time homebuyers. This may also be applied to closing costs and/or prepaid items at closing.
- The down payment assistance is a second mortgage on the home with a zero interest rate and no monthly payment.
- The second mortgage is forgiven in two years if you remain the primary resident in the home.
- No purchase price limits
- Must be originated through a participating lender



IHCDA'S MORTGAGE PRODUCTS

Next Home *with* Mortgage Credit Certificate

If you are attracted to the tax benefits of a *Mortgage Credit Certificate* (MCC) and the down payment assistance of the *Next Home*, then the *Next Home with MCC* combo might be the best option for you. Unlike the stand-alone *Next Home*, you must be a first time homebuyer to use the combo product, but otherwise you pair all of the MCC benefits with those of the *Next Home* program.

- To qualify, you must be a first time homebuyer or have not had ownership in your primary residence in the past three years.
- The MCC provides a 20-35% tax credit of your mortgage interest expense each year the property is your primary residence. This tax credit can be taken monthly with the assistance of a qualified tax preparer or your HR representative.
- Available for FHA and conventional loans.
- Down payment assistance of up to 4% (FHA) and 3% (conventional) of the purchase price. This may also be applied to closing costs and/or prepaid items at closing.

- The down payment assistance is a second mortgage on the home with a zero interest rate and no monthly payment.
- The second mortgage is forgiven in two years if you remain the primary resident in the home.



EXPENSES TO CONSIDER WHEN DETERMINING HOW MUCH TO SAVE BEFORE BUYING A HOME:

- Down payment (3.5%–20% based on credit and loan product)
- Moving expenses (boxes, trucks, moving companies, etc.)
- Appliance and furniture purchases (if applicable)
- Closing costs
- Costs associated with turning on or transferring utilities
- Lawn equipment purchases (if applicable)

EDUCATING YOURSELF ABOUT HOMEOWNERSHIP

An educated homeowner is a successful homeowner. Before making your purchase, consider these suggestions to help you plan and prepare for becoming a homeowner.

- **Pull a full credit report, with information from all three major reporting agencies.** Your credit reports are an ongoing snapshot showing how you manage your finances. Your credit report plays a vital role in the mortgage approval process and in determining the interest rate and other loan terms that a lender may offer you. *Credit reports often contain factual errors that can complicate or even prevent a loan approval.*
- **Determine your monthly budget.** Be sure to include all of your living expenses and all sources of debt repayment. This will help you determine the mortgage payment you can afford.
- **Decide how much house you need.** Understanding your needs vs. wants for a home can save you time and money when embarking on the house hunting process. Be realistic and keep your budget in mind.
- **Begin the mortgage pre-approval process.** This is an informal way to see how much you may be able to borrow. Your pre-approval also helps smooth the entire home-buying process, including providing additional leverage in negotiations.
- **Consider hiring a realtor.** Real estate agents not only help buyers locate homes, but are expert negotiators and can guide you through the process of becoming a homeowner. Remember, the seller of the property pays for the realtor, so as a buyer, there is no cost to you for hiring an agent.

HELPFUL WEBSITES

www.annualcreditreport.com | www.powerpay.org | www.freecycle.org | www.nfcc.org



Most lenders suggest that you spend no more than 28% of your monthly income on a mortgage, including the costs of property taxes, homeowner's insurance, and Private Mortgage Insurance (if applicable).



Once you've been pre-approved, large credit card purchases, new lines of credit, or changes to your credit profile may jeopardize your loan. The loan offer is contingent upon your credit landscape remaining stable from pre-approval to closing.

BUDGETING AND SPENDING TIPS

- Plan ahead.
- When you go shopping, take only cash and stick to your list. Individuals who use credit and/or debit cards to make purchases are more likely to make impulse purchases and exceed their budget allocations.
- Buy items you use frequently in bulk, and use coupons.
- Car pool or use public transportation.
- Bundle your utilities and other services (if possible).
- Take advantage of federal energy credits and weatherize your home to reduce energy waste.
- Use sites such as Freecycle.org to obtain free items for your home, and online auction sites to sell items you no longer need for extra cash.
- Eat at home and bring your lunch to work to reduce dining out expenses.
- Search your local Community Calendar for free events to attend.

THE INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

The Indiana Housing and Community Development Authority (IHCDA) creates housing opportunity, generates and preserves assets and revitalizes neighborhoods by investing financial and technical resources in the development efforts of qualified partners throughout Indiana.

IHCDA's work is done in partnership with developers, lenders, investors and nonprofit organizations that serve low- and moderate-income Hoosiers. We leverage public and private funds to invest in financially sound, well-designed projects that will benefit communities for many years to come. The activities that we finance help families become more stable, put down roots and climb the economic ladder. In turn, communities grow and prosper, broadening their tax base, creating new jobs, and maximizing local resources. IHCDA's work is truly a vehicle for economic growth, made possible through the partnerships we hold with stakeholders throughout Indiana.



Lt. Governor Sue Ellspermann serves as Chairman of the Board for IHCDA.
Lt. Governor Ellspermann is committed to growing Indiana's economy through housing development and community revitalization.